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TAGS: [PGOV](#) [PHUM](#) [PREL](#) [PTER](#) [ECON](#) [PK](#)
SUBJECT: CODELS LEVIN AND CASEY DISCUSS SECURITY AND
ECONOMIC CRISIS WITH PPP LEADER ZARDARI

Classified By: Anne W. Patterson, Reasons 1.4 (b), (d)

¶1. (C) Summary: Senator Carl Levin and Senator Robert Casey met May 25 with Pakistan People's Party (PPP) Co-Chairman Asif Zardari, National Security Advisor Mahmud Ali Durrani and Ambassador-designate to the U.S. Husain Haqqani to discuss recent negotiations with militants, counterterrorism efforts, development assistance and Pakistan's growing economic crisis. In response to the Senators' concerns regarding the negotiations and the overall security situation, Zardari stressed that his government is committed to the war on terror, noting he had lost his wife, Benazir Bhutto, to terrorism. He acknowledged Pakistan's need for military assistance and infrastructure support, but he emphasized that allowing Pakistan greater access to U.S. markets would be an invaluable contribution to building a sustainable economy. Regarding the current wheat shortage and rising food prices, Zardari also asked for some form of short-term food assistance. End Summary.

¶2. (C) Senators Levin and Casey began by offering condolences on the December assassination of Zardari's wife, PPP leader Benazir Bhutto. Senator Levin praised Bhutto for her "fearlessness." Zardari agreed, noting that many had warned Bhutto she might be assassinated if she returned to Pakistan, but she had replied that she could also be killed in a traffic accident and wanted to return to her home where she was needed.

U.S. AND PAKISTAN NATURAL ALLIES IN GWOT

¶3. (C) The Senators expressed interest in Zardari's views on border security. The U.S. and Pakistan were natural allies in the war on terror, Zardari asserted. The rise in suicide bombings over the past year proved that this was Pakistan's war and that extremism posed a dire threat to the country's way of life. Regarding recent and current peace talks with militants, Zardari noted the Army had begun negotiations before the new government was in place. Zardari assured the Senators that any proposed agreement would be shared with the U.S., but the Government of Pakistan (GoP) intended to proceed with negotiations in an attempt to bring the border areas more "in tune" with the central government. Zardari said emphatically that his government had no intention of dealing directly with terrorists. There was no single military solution to defeating the insurgency; it was key, he said, to also provide assistance and economic development to these impoverished communities. It was not a matter of ideology, Zardari insisted. People in the border region were like anyone else; they wanted progress, employment and basic comforts, including water and electricity.

¶4. (C) On the U.S.-Pakistan security relationship, Zardari stated he wanted close military cooperation with the U.S.,

including expanded intelligence sharing and even joint operations. Zardari's NSA Durrani pointed out that Pakistan had more than 900 border posts in Pakistan while Afghanistan only had 100 and said more ISAF assistance was needed in the area of border management.

GOP GOING FORWARD WITH PEACE AGREEMENTS

15. (C) Returning to the peace negotiations, Senator Levin asked Zardari if the agreements would explicitly prohibit cross-border attacks. Zardari said affirmatively and stressed the importance of finding ways - such as through these agreements - to extend the writ of government into the tribal areas. One important element in the South Waziristan negotiations was the re-opening of roads, allowing thousands of people - displaced by fighting - to return to their communities. Zardari asserted that since these roads were opened, 3,000 people a day were returning home. Pakistan has, he said, already demonstrated its ability to achieve short-term military victories, but the long-term counterinsurgency effort would not be successful without the support of local communities. Finally, he said current peace agreements differed from earlier, unsuccessful ones on two important points: first, they were negotiated from a position of strength - based on military successes against militants, and second, the GoP was committed to effective implementation and strict enforceability of the agreements.

PAKISTAN FACING AN "ECONOMIC MELTDOWN"

16. (C) Senator Levin asked how the U.S. could best assist Pakistan. Zardari again emphasized the need for economic and infrastructure development. He said the frontier region was willing to partner with the PPP-led government because of the PPP's demonstrated respect for the leadership and specific political aspirations of that region. For instance, the Northwest Frontier Province (NWFP) was seeking to change its name to Pukhtonkhwa and PPP supported that effort. The most important assistance the U.S. could offer, said Zardari, was to give Pakistan more space in U.S. markets. "Don't give us more money, give us more trade."

17. (C) Senator Casey asked what additional non-military assistance the U.S. could provide over the next 5-10 years. Zardari said, aside from trade, it was most important to strengthen civil institutions. Established civil institutions would create continuity in the face of frequent political change and would serve as "insurance policies" protecting democratic government.

18. (C) Describing what he called an "economic meltdown," Zardari pointed out Musharraf's government had put a number of bad economic policies in place, and now the coalition government was left "holding the crying baby." The economic crisis threatened to undermine the civilian government, Zardari stated. There was no way to solve these problems in the short term, and Zardari asked about the possibility of urgent U.S. food aid to Pakistan. The Senators and Ambassador assured Zardari they would explore options to provide such assistance.

19. (C) In response to inquiries regarding India and Kashmir, Zardari opined that Pakistan and India must lower barriers and promote cross-border trade for Pakistan to prosper. More India-Pakistan cooperation would encourage progress on the Kashmir question and promote stability in the region; it was a win-win situation, in his opinion.

110. (C) Zardari closed by noting he had asked for a UN investigation into Bhutto's assassination and would appreciate the U.S.'s support.

(U) CODELS Levin and Casey did not clear this cable.

PATTERSON